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THE ENVIRONMENT FUND AND ADMINISTRATIVE AND OTHER BUDGETARY MATTERS

Revision of the Financial Rules of the Fund of the United Nations Environment Programme and Revision of the General Procedures Governing the Operations of the Fund of the United Nations Environment Programme

UNITED NATIONS COLLECTION

Report of the Executive Director

Summary

This report sets out proposals for a revision of the Financial Rules of the Environment Fund and the General Procedures Governing the Operations of the Environment Fund.

Suggested action by the Governing Council

The Governing Council may wish to adopt a decision along the following lines:

The Governing Council,

Approves the proposals of the Executive Director for a revision of the Financial Rules and the General Procedures Governing the Operations of the Environment Fund, as contained in document UNEP/GC.19/3.

Introduction

1. The Governing Council, by its decision 18/42, paragraph 15, agreed that "pending a formal revision of the Financial Rules and General Procedures of the Fund, to be undertaken by the Council at its nineteenth session, the term "programme and programme support costs" in those Rules and Procedures shall be understood as referring to management and administrative support costs". This document proposes that this change in nomenclature be formally adopted in the Rules and Procedures of the Fund and, in addition, proposes a few

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* UNEP/GC.19/1

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other changes that appear to the Executive Director to be appropriate at the present time.

The Financial Rules of the Fund of the United Nations Environment Programme

2. It is proposed that:

(a) Where the expression "programme and programme support costs" is used (rules 209.1, 210.1, 211.2, 211.5 and 212.1), it shall be replaced by the expression "management and administrative support costs". This would regularize the use of the new budget nomenclature.

(b) In rule 201.4, the reference to "ST/SGB/Financial Rules/1 shall read "ST/SGB/Financial Rules/Rev.3 (1985)". This is merely a technical amendment to reflect the current edition of the Secretary-General's Rules.

(c) In rule 203.3, it is suggested that prior approval should only be sought from the Governing Council in the event of a contribution "in excess of $1 million" rather than "in excess of $100,000", as now. This is in line with the UNEP aggressive fund-raising strategy.

(d) In rule 204.1, it is suggested that the words "or others" be inserted after the words "supporting organizations". This would permit the acceptance by the Executive Director of contributions from profit-making organizations earmarked for specific services or activities.

(e) In rule 206.2, since there are no "Fund" offices away from headquarters, it is suggested that the first word of the rule, "Fund", be replaced by the words "United Nations Environment Programme".

General Procedures Governing the Operations of the Fund of the United Nations Environment Programme

3. The following amendments are proposed:

(a) That in article I(r), the definition of "Expenditure" be deleted and replaced by: "Expenditure means the amount charged against income in a given period, whether paid or unpaid". The present definition does not reflect the fact that, since 1979, the UNEP Financial Report and Financial Statements have been prepared on an accrual basis and that a definition of expenditure based on disbursements only is no longer the practice followed.

(b) That in Article VI, paragraph 3(c), the expression "Programme and programme support costs" be replaced by "Management and administrative support costs".

(c) That in Article VI, paragraph 5, the final sentence "The Executive Director shall also submit to the Governing Council for approval any project which he considers should be executed directly by the Executive Director" be deleted. Although the Executive Director has always indicated to the Governing Council in the Programme Budget document those activities which she proposes to implement directly through internal project documents, it has never been the practice for the Governing Council to concern itself with the approval of project documents. Therefore, the Executive Director feels that this reality should be reflected in the "Procedures".

(d) That in Article VIII the following words be added to paragraph 5: "The project document shall also specify any activities which may be implemented in collaboration with third party cooperating agencies and supporting organizations under a memorandum of understanding, letter of agreement or Host Government agreement".

The purpose of this amendment is to clarify the means by which activities included within an approved project document may be implemented by

cooperating agencies or supporting organizations under a memorandum of agreement, letter of agreement or Host Government agreement, as has been the practice of UNEP in the past.

(e) That in Article VIII the words "Environment Co-ordination Board" appearing in paragraph 6 be deleted and be replaced by the words "Administrative Committee on Coordination". The Environment Co-ordination Board was merged many years ago and its functions integrated with those of ACC, which is now the body that reports to the Governing Council.

(f) That in Article XI, paragraph 2 be deleted and be substituted by a new paragraph 2 as follows:

> " 2. Where it is considered to be a more effective means of implementing the Fund programme, the Executive Director may authorize the execution of a specific activity or group of activities, included within an approved project document, through a memorandum of understanding, letter of agreement or Host Government agreement with a cooperating agency or supporting organization".

The purpose of this amendment is, first, to delete paragraph 2 so as to make Article XI accord with Article VI, paragraph 5, as amended by (c) above and, second, to outline the means by which individual activities or groups of activities included under umbrella project documents may be executed separately under separate instruments by cooperating agencies or supporting organizations.

(g) That in Article XIII the paragraph present be numbered "1." and a second paragraph be added as follows:

> "2. The Executive Director may also accept contributions in the form of staff or other facilities from Governments, government institutions, intergovernmental organizations, non-governmental organizations and private corporations".

The heading of this Article would then be amended to read "Facilities provided by agencies and others".

The purpose of these proposed amendments is to reflect the fact that the Executive Director has been encouraged by the Governing Council to accept contributions in the form of staff, equipment, etc. over and above cash contributions to the Fund and the practice should, perhaps, be reflected in the revised "Procedures."

(h) That in Section III, paragraph 8 be deleted, as it is no longer of any relevance and that the section, headed "Conditions for the Estimation of Future Resources and their Apportionment", be headed "Chapter IV" and the number "III" be deleted. Paragraphs 1 and 2 of this chapter would then become paragraphs 1 and 2 of "Article XV" and paragraphs 3 to 7 would become paragraphs 1 to 5 of "Article XVI".

(i) That the section headed "IV. General Guidelines for the Execution of Projects" be headed "Chapter V", and the number IV be deleted.